

79-0167

12 January 1979

MEMORANDUM FOR: Deputy Director for Administration

Don:

This is a follow on to our discussion concerning the possible relocation of the Office of Finance. Although my quick answer to you was that the prospect of Mike as DDA had been the causative factor for the suggestion, the more substantive reason was the belief that Finance could contribute more effectively to Agency financial management as part of the Office of Comptroller than under the DDA Directorate as currently organized.

Unless the concept of DDA as we know it is changed, I believe there would be advantages to merging the Office of Finance with the Office of the Comptroller so jointly they could perform the core functions of financial management for the entire Agency. Attached is an outline of several advantages I envision in favor of such a merger. Should you, however, decide on a reorganization which would in effect establish the policy making offices of personnel, security, cover, finance and Comptroller as independent offices, rather than component offices of a directorate, responsible directly to the DCI through you as an Executive Director (or other appropriate title), then a merger would not have all of the advantages envisioned.

Also attached for your information are two memoranda I have sent to John McMahon, not through channels, that I believe John should consider to improve the financial management of his Directorate. The suggested changes, if effected, would be of interest to you and the Comptroller to lesser or greater degrees depending on the future organizational structure.

Thomas B. Yale

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ADVANTAGES OF ORGANIZATIONAL RELOCATION
OF
OFFICE OF FINANCE TO COMPTROLLER

1. Would put responsibility for all aspects of financial administration in a single officer responsible directly to the Head of the Agency and thus conform more closely with generally accepted patterns of organizational alignment for fiscal functions in both the public and private sector.
2. Would enhance the independence of finance officers at Headquarters and in the field. Independence of the finance officer at all echelons is an essential ingredient in the integrity of Agency financial administration. (It is assumed that concurrently with transfer of the Office of Finance to the Comptroller, the decentralized finance functions at Headquarters and in the field would be removed from line supervision of support officers). Admittedly independence is a relative term but it tends to be sensitive to working relationships. The perception of independence can be self-reinforcing under appropriate conditions and vice versa under less favorable conditions. Thus the organizational changes would clearly foster a climate for enhancing both the reality and perception of independence of Finance certifying officers.
3. Would allow finance officers especially at field locations to devote full time to financial functions -- would improve the effectiveness of their contributions to financial management.
4. Would facilitate the interchange of professionally trained officers between present "finance" and "comptroller" types of positions.
5. Would facilitate more effective information flow of requirements and decisions (especially as they relate to budget formulation and execution) affecting the general climate of finance administration which is supported by Agency finance officers throughout the world. It is axiomatic that the effectiveness of responses to requirements tends to be proportional to an understanding of the requirement and the reasons therefor.
6. Would improve chain of command authority over the type of accounting system (Class A or B) to be operated at field installations.
7. Would purify the functions of the "administration" directorate by removing the responsibility for a function, (finance) based entirely on statutory requirements, from the responsibility for other functions of the administrative directorate which in large part are housekeeping functions.